Our Road Map for the Years Ahead

New 5-Year CalPERS Strategic Plan Begins July 1

After a year-long effort by the CalPERS Board of Administration, including input from employer associations, we are preparing to launch the new 2017-22 CalPERS Strategic Plan on July 1.

The 14-page document will serve as our guide for meeting the investment, retirement, and health benefit needs of our members and their families. The plan was approved earlier this year by the board of administration.

The 2017-22 CalPERS Strategic Plan has five overarching goals:

- Strengthen the long-term sustainability of the pension fund
- Transform health care purchasing and delivery to achieve affordability
- Reduce complexity across the enterprise
- Cultivate a risk-intelligent organization
- Promote a high-performing and diverse workforce

Within the five overarching goals are 14 objectives and 36 specific measures, each with its own targets. They will be monitored to track progress over the life of the plan and reported to the board on an ongoing basis, beginning the first quarter of 2018.

Measures include employer contribution rates, investment returns, access to primary and specialty health care, prevalence of diabetes diagnoses, benefit payment timeliness, total overhead cost, cybersecurity risk rating, and workforce diversity.

In addition to our board and employer associations, the year-long effort to develop the 2017-22 CalPERS Strategic Plan also involved CalPERS senior leaders and team members, with contributions from labor groups, retiree associations, federal representatives, health and investment business partners, and state government officials. The effort was led by CalPERS’ Enterprise Strategy and Performance Division.

Marcie Frost, CalPERS CEO, said the emphasis on measuring progress over time represents the strength and maturity of CalPERS and its transparency as an organization. “This shows our drive to perform on behalf of our members and our desire to track our progress,” Frost said.
Going Green

CalPERS promotes environmental responsibility by providing digital publications, thus reducing the environmental impacts of printing, processing, and delivery.

We encourage you to “Go Green” by accessing employer forms and publications in the Employer Section of www.calpers.ca.gov.

You can also find CalPERS Circular Letters, actuarial reports, and legislation information in the same section.

Pension Reform Moves Forward

Do you know the requirements for pensionable compensation?

The CalPERS Board recently approved new draft pensionable compensation regulations that provide clear guidance for compliance and are consistent with the Public Employees’ Pension Reform Act, or PEPRA. Currently, there are nearly 241,000 PEPRA members, (employees hired on or after January 1, 2013) accruing lower benefits across all employers, representing almost 28 percent of the active public employee workforce.

The draft regulations comply with PEPRA through the elimination of six types of compensation including:

• Bonus pay
• Management incentive pay
• Value of employer paid member contributions
• Off-salary-schedule
• Uniform allowance
• Temporary upgrade pay

For PEPRA members, pay can only be included as pensionable compensation if it meets each of the following four requirements:

• Pay is part of the normal monthly rate of pay.
• Pay is paid in cash to similarly situated members of the same group or class of employment.
• Pay is for services rendered during normal working hours.
• Pay is paid pursuant to publicly available pay schedule.

Cost Savings to Employers

These updates to pensionable compensation provide significant cost savings for you by reducing normal cost, one component of the total employer contribution. The estimated normal cost savings for pensionable compensation reporting is $16 million in fiscal year 2017-18 for public agencies, schools, and the state.

Read the draft regulations and view the board videos at www.calpers.ca.gov/about/board.
Ensuring the Long-Term Sustainability of the Fund

It’s safe to say that over the past 10 years the financial markets have brought volatility and uncertainty to the economy. The need to look at pension funding is more essential than ever before, as economists and financial experts believe that over the next five to 10 years the economy will head into a cycle of lower returns.

Added risks also point to the changing demographics of pension funds and the reality that baby boomers are retiring at a rate of 10,000 a day in the U.S. This is on top of governance and regulation challenges that further increase complexity. Defined benefit pension plans are a financial commitment and risk, both now and into the future, making it all the more important to take action to mitigate pension funding risk.

Over the past few years, CalPERS has made strong progress to reduce our risks, trim costs, and reduce complexity. We’ve also adopted new actuarial policies that take into account the changing demographics in the workplace and we’ve implemented a new treasury management program that ensures retirement checks are issued on time.

More recently, we phased in lowering of the discount rate. The discount rate is what we assume our more than $300 billion in investments will return in a typical fiscal year. We lowered the rate because of the long-term financial market outlook. Solid investment returns are the cornerstone of the CalPERS system: They pay for nearly two-thirds of every dollar we pay out in pension benefits. We also recognize that the financial environment today is very different from before, so this decision strengthens our efforts to protect the retirement of our members.

Another critical point is to understand the obligation you have to pay the benefits you promised your employees. Local agencies determine the benefits, not CalPERS. Pension obligations are a shared responsibility between you and your employees. We are committed to working with you to develop long-term funding solutions and we welcome your input to ensure a more cost-effective and sustainable pension system.

Who Pays for CalPERS Pensions?

Some people believe that taxpayers fund the total cost of public pensions. This is untrue—CalPERS’ investment earnings pay the majority of our public pension costs. Data from 1997-2016 shows that for every dollar CalPERS pays in pensions, 62 cents comes from CalPERS investments.

Public employees who are CalPERS members pay a part of their pensions as well. Each month they contribute a percentage of their paychecks toward their pensions—some up to 15.25 percent of each monthly paycheck.

Every dollar paid to CalPERS retirees comes from three sources:

- **62¢**
  Investment Earnings

- **25¢**
  CalPERS Employers

- **13¢**
  CalPERS Members
We’re Simplifying Retirement Options

For members who retire on or after January 1, 2018, CalPERS retirement options will get much simpler — making retirement decisions easier.

We made two changes that will help reduce chances of error and misunderstanding about retirement options.

**Consolidated Payment Options** — We consolidated the current 13 retirement options available to members into seven without taking away the ones that are most commonly selected.

**Clearer Option Titles** — We renamed the choices to clarify what each option provides, so retiring members can make confident choices with clearer titles and differences.

CalPERS spent months getting extensive feedback from labor, employers, associations, and retiree organizations to offer the best selection of retirement options for our members. Passage of legislation last year (AB 2404, Cooley), also known as Retirement Options Simplification, allowed us to move forward with simplifying our options for CalPERS members, as well as Judges’ Retirement System (JRS) and JRSII members.

We informed our members of the topic in the spring edition of PERSjective, and as updates occur more detailed information will be available.

Information to Share With Your Employees

- Retirement options will be consolidated from 13 to seven.
- Retirement options will be renamed for clarity.
- This affects members whose retirement date is on or after January 1, 2018.
- Your employee can get an estimate with the new options beginning June 17, 2017.
- If your employee received an estimate prior to June 17, 2017 for a retirement date on or after January 1, 2018, the allowance may be slightly different based on the new options.
- CalPERS will update the myCalPERS system, forms, and publications.
We’re Going Paperless with Direct Deposit Statements

We are moving to paperless direct deposit statements for all benefit recipients effective July 1, 2017.

Members have the option to continue receiving paper direct deposit statements — but they will have to let us know. They can do this by logging in to their personal myCalPERS accounts and changing their mailing preference to paper, or they can also contact us at 888 CalPERS (or 888-225-7377).

Switching to paperless statements offers many benefits. This change helps CalPERS meet our strategic goals to strengthen the long-term sustainability of our Fund and reduce complexity, which benefit you and your employees.

Switching to paperless statements helps to preserve the CalPERS fund by saving over $1 million a year in printing and mailing costs. It also saves our members time by giving instant access to information through myCalPERS. And that’s not all — going paperless protects our environment by decreasing our carbon footprint and using less paper and ink.

Sustainability of the Fund and the environment — now that’s something we can all feel good about.

Access information and manage your health benefits online using myCalPERS.

- Get 24/7 access to health plan statements.
- Confirm your health plan coverage.
- Find available health plans and premium rates.
- View Open Enrollment updates and materials.
- Retirees – Change dependents or make health plan changes during Open Enrollment.

Go to my.calpers.ca.gov to register now.
Two New Ways to Vote in the 2017 Board of Administration Election This Fall

There is big news in the upcoming CalPERS Board Member-at-Large election. Now for the first time ever, members will be able to vote online or by telephone. Paper ballots will still be mailed to members’ homes, but the two new options can mean voting in seconds with no trip to the mailbox.

The new voting options are designed to be convenient and easy to use. Members can vote using their laptop, tablet, or smart phone. Securing members’ information has been the highest priority. Each member will receive a randomly generated eight-digit PIN and a unique identifier that includes the last four digits of his or her Social Security number to log in to the system and vote.

Candidate Statement Booklets will be mailed on September 1 to all members eligible to vote. Active members as of July 1, 2017, are eligible to vote in this election. Retired members (excluding survivors and beneficiaries) whose effective date of retirement is on or before July 1 are also eligible to vote. The booklet mailing will include a ballot, information on the candidates for the two separate Member-at-Large seats, member PIN, and instructions on how to vote. Online, telephone, or paper ballot voting must be received by October 2, 2017, to be counted.

The election results will be announced later in October. If a runoff election is necessary, those results will be announced in December.

Board Re-Elects Rob Feckner as President, Henry Jones as Vice President

The CalPERS Board of Administration re-elected Rob Feckner as Board president and Henry Jones as vice president. This will be Feckner’s 13th term as president and Jones’ third term as vice president.

Feckner is the school member representative on the CalPERS Board, which he joined in 1999. He currently serves on four committees: Board Governance, Investment, Pension & Health Benefits, and Risk & Audit. He is a 40-year employee of the Napa Valley Unified School District and past president of the California School Employees Association. The president oversees the board’s business, and sets meeting schedules and agendas with input from other board members and CalPERS executive staff. The president also makes appointments to board committees and represents CalPERS to outside parties.

Jones represents retired CalPERS members and was first elected to the board in 2008. In addition to serving as vice president, Jones chairs the Investment Committee and currently sits on three other committees: Board Governance, Finance & Administration, and Pension & Health Benefits. Jones retired from the Los Angeles Unified School District in 1998 as chief financial officer, where he oversaw the district’s $7 billion annual budget and its Annuity Reserve Fund Board. He currently serves as a personnel commissioner for the Los Angeles Community College District, and is a board member of the Robert Toigo Foundation and the Pacific Pension & Investment Institute.

Learn about our board members at www.calpers.ca.gov/page/about/board/board-members.
Mark Your Calendars for the 18th Annual Educational Forum


This event is a fantastic opportunity for employers to:
- Learn more about special CalPERS services and programs.
- Collaborate with CalPERS leaders and other public agencies to tackle pension challenges.
- Meet and exchange ideas with members of our Board of Administration.
- Network with representatives from other agencies and schools.
- Earn continuing education credit for attending sessions.

If you have questions about the event or would like to be placed on our mailing list, call (916) 795-1264 or email calpers_educational_forum@calpers.ca.gov. You can also visit our CalPERS Educational Forum web page at www.calpers.ca.gov/page/education-center/employer-education/educational-forum.

Get the latest Forum updates by following us on social media and using the hashtag #CalPERSEdF.
CalPERS Benefits Education Events Scheduled Throughout California

Last year more than 12,000 members attended our CalPERS Benefits Education Events, known as CBEEs, to learn more about their benefits and plan for their future.

Open to all CalPERS members, the full-day events are designed so your employees can ask questions about their benefits and learn what steps to take for the next phase of their careers. The event features opportunities to speak with CalPERS representatives, as well as attend breakout sessions. The same program is offered on each day so attendees may pick the date most convenient for them.

Your employees are encouraged to pre-register to expedite check-in, but walk-ins are welcome. Following are the dates and locations for upcoming CBEEs:

<table>
<thead>
<tr>
<th>City</th>
<th>Dates</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eureka</td>
<td>May 19 &amp; 20</td>
<td>Red Lion Hotel Eureka 1929 4th St. Eureka, CA 95501</td>
</tr>
<tr>
<td>Santa Clara</td>
<td>July 21 &amp; 22</td>
<td>Santa Clara Marriott 2700 Mission College Blvd. Santa Clara, CA 95054</td>
</tr>
<tr>
<td>Pasadena</td>
<td>August 18 &amp; 19</td>
<td>Hilton Pasadena 168 South Los Robles Ave. Pasadena, CA 91101</td>
</tr>
<tr>
<td>Garden Grove</td>
<td>September 15 &amp; 16</td>
<td>Hyatt Regency Orange County 11999 Harbor Blvd. Garden Grove, CA 92840</td>
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For registration information, visit [www.calpers.ca.gov/benefitseducationevents](http://www.calpers.ca.gov/benefitseducationevents).

Long-Term Care Expanded Eligibility

Did you know that CalPERS Long-Term Care eligibility extends to more than just California public employees and retirees? Family members such as spouses, siblings, and adult children can apply, even if the public employee who makes an individual eligible does not apply.

Now CalPERS Long-Term Care eligibility criteria has been expanded further to include former California public employees, as well as grandparents, grandchildren, nieces, nephews, aunts, uncles, sons-in-law, daughters-in-law, brothers-in-law, and sisters-in-law of current and former California public employees. This expansion provides an opportunity for even more people to find the peace of mind available with CalPERS Long-Term Care.

If you have questions about applying for coverage or want to find out if you or someone you know is eligible to apply, please call CalPERS Long-Term Care toll free at (800) 908-9119, Monday through Friday, 8:00 a.m. to 5:00 p.m. Pacific Time, or visit our website at [www.calperslongtermcare.com](http://www.calperslongtermcare.com).
Beginning July 1, employer retirement contributions must be submitted electronically.

As part of the CalPERS initiative to streamline and automate payment processing, we will no longer accept payments by check from contracting agencies for pension retirement contributions beginning July 1, 2017.

Pension retirement contributions may be submitted electronically using one of the following methods:

- Electronic Funds Transfer (EFT) Debit Method — This free service is offered online through myCalPERS. Contracting agencies can transfer funds automatically by authorizing CalPERS to debit their bank accounts. Payments can be scheduled up to 30 days in advance and can be cancelled up to the date prior to settlement.
- Automated Clearing House (ACH) Method — This option allows contracting agencies to instruct their banks to debit their accounts and credit our bank account. Contracting agencies are responsible for any set-up and transaction fees charged by their banks.
- Additional information about setting up your payment methods can be found in the myCalPERS course 107 Student Guide: Setting Up EFT Accounts and Making Payments for Public Agencies, Schools, & Non-Central State Agencies at www.calpers.ca.gov.

For additional questions, contact the CalPERS Customer Contact Center at 888 CalPERS (or 888-225-7377).

Help Your Employees Get Ready for Retirement With Our New Planning Videos

Financial experts believe that your employees will need 70-85 percent of pre-retirement income to maintain their current standard of living into retirement. It is important for your employees to understand their responsibilities and benefits related to retirement planning early on, so that they can look forward to a sound financial future later. This is especially true for Public Employee Pension Reform Act employees, who now make up almost 28 percent of the active workforce. Employee financial wellness is beneficial to your organization too, because it adds to increased productivity and employee satisfaction.

That’s why we created a new series of videos to help inform early- to mid-career employees about their financial planning resources.

This CalPERS educational video series can help your employees better understand resources available so they can better meet their retirement goals. You can help too, by directing employees to our videos and resources at www.calpers.ca.gov.

The “Planning Your Financial Future” series covers a variety of topics that make retirement planning easier through short videos such as:
- Financial Literacy: Are You on Track?
- Retirement Income Sources
- Examples of Tax-Deferred Savings
- Budgeting
- Managing Debt
- Health Care Costs
- Managing Risk
- Contacting CalPERS
- Get Started Today

Your employees will also find a wide variety of other topics and links to tools, including a planning checklist and information about the CalPERS Retirement Estimate Calculator.

Retirement planning doesn’t need to be complicated — or last-minute. Help your employees plan now with the CalPERS retirement planning video series.
Events of Interest
June through August 2017

### June

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<th>Date</th>
<th>Event</th>
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<td>6-8</td>
<td>my</td>
<td>CalPERS Training</td>
<td>Orange Regional Office</td>
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<tr>
<td>19-21</td>
<td>CalPERS Board of Administration Meetings</td>
<td>CalPERS Headquarters Auditorium</td>
<td>400 Q St., Lincoln Plaza North, Sacramento</td>
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<td>20-22</td>
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<td>Disability Retirement Workshop, Public Agency Employers</td>
<td>Sacramento Regional Office</td>
<td>400 Q St., Lincoln Plaza East, Room 1821/31, Sacramento</td>
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<tr>
<td>21</td>
<td>Disability Retirement Workshop, School District and State Employers</td>
<td>Sacramento Regional Office</td>
<td>400 Q St., Lincoln Plaza East, Room 1821/31, Sacramento</td>
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<td>22</td>
<td>Disability Retirement Workshop, State Employers</td>
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<tr>
<td>29</td>
<td>Employer Response Dialogue</td>
<td>San Bernardino Regional Office</td>
<td>650 East Hospitality Lane, Ste. 330, San Bernardino</td>
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### July

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<td>4</td>
<td>Independence Day</td>
<td>State offices closed</td>
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<td>12</td>
<td>Employer Response Dialogue</td>
<td>San Luis Obispo-Arroyo Grande City Council Chamber</td>
<td>300 E. Branch St., Arroyo Grande</td>
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<td>17-19</td>
<td>CalPERS Board of Administration Offsite Meetings</td>
<td>Monterey Tides Hotel</td>
<td>2600 Sand Dunes Dr., Monterey, CA 93940</td>
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<td>18</td>
<td>Disability Retirement Workshop, Public Agency Employers</td>
<td>Fresno Regional Office</td>
<td>10 River Park Place East, Ste. 230, Fresno</td>
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<tr>
<td>19</td>
<td>Disability Retirement Workshop, School District and State Employers</td>
<td>Fresno Regional Office</td>
<td>10 River Park Place East, Ste. 230, Fresno</td>
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<tr>
<td>21-22</td>
<td>Benefits Education Event</td>
<td>Santa Clara Marriott</td>
<td>2700 Mission College Blvd., Santa Clara</td>
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<td>Fresno Regional Office</td>
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<td>25-27</td>
<td>Business Rules Training</td>
<td>Sacramento Regional Office</td>
<td>400 Q St., Lincoln Plaza West, Room 1600X, Sacramento</td>
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<td>26</td>
<td>Health Program Workshop Social Security &amp; Medicare</td>
<td>Orange Regional Office</td>
<td>500 North State College Blvd., Ste. 750, Orange</td>
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<tr>
<td>27</td>
<td>Health Program Workshop Social Security &amp; Medicare</td>
<td>San Diego Regional Office</td>
<td>7676 Hazard Center Dr., Ste. 350, San Diego</td>
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</table>
## Employer Education & Events

CalPERS offers educational workshops to assist you in meeting retirement program requirements. Visit our website [www.calpers.ca.gov](http://www.calpers.ca.gov).

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<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tr>
<td>8-10</td>
<td>Business Rules Training</td>
<td>Glendale Regional Office</td>
<td>655 North Central Ave., Ste. 1400, Glendale</td>
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<td>Health Program Workshop, Social Security &amp; Medicare</td>
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<tr>
<td>14-16</td>
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<td>15-17</td>
<td>myCalPERS Training</td>
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<td>16</td>
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<td>18-19</td>
<td>Benefits Education Event</td>
<td>Hilton Pasadena</td>
<td>168 South Los Robles Ave., Pasadena</td>
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<td>Orange Regional Office</td>
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<td>Disability Retirement Workshop, School District and State Employers</td>
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<td>Health Program Workshop, Social Security &amp; Medicare</td>
<td>San Jose Regional Office</td>
<td>181 Metro Dr., Ste. 520, San Jose</td>
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<tr>
<td>31</td>
<td>Health Program Workshop, Social Security &amp; Medicare</td>
<td>Fresno Regional Office</td>
<td>10 River Park Place East, Ste. 230, Fresno</td>
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**Note:** Meeting announcements and workshop registration information are published on our website and through the Circular Letter process when they become available. Meetings are subject to change.
Since 1932, CalPERS has built retirement and health security for Californians who invest their lifework in public service. Go to www.calpers.ca.gov to learn more about the history of the California Public Employees’ Retirement System.